573/751-6922

September 25, 1998

Nancy Goetschius
Health Care Financing Administration
Office of State Health Reform Demonstration
7500 Security Blvd., C-3-18-26
Baltimore, MD 21244-1850

Dear Ms. Goetschius:

I am writing to provide further ctarification regarding amendments to Missouri's section 1115 demonstration waiver which were originally requested in my letter of June 26, 1998. Also being provided is information on our evaluation design for waiving of non-emergency medical transportation. We understand you have requested a more detailed research design of our hypotheses and will submit this more detailed package within one week.

We are amending the waiver relating to cost sharing for certain children. The original submission had no cost sharing for children. The reason for this amendment is that after extensive public debate spearheaded by the Missouri legislature it was determined these changes were important public policy changes and worthy of study- The rationale for these changes are:

- The cost sharing provisions will allow for greater public acceptance of the MC+ program without deterring consumer participation or having a negative impact on the child's health.

- The cost sharing provisions will be an effective deterrent to the problem of "crowd-out" without deterring consumer participation or having a negative impact on the child's health.

- The cost sharing provisions will allow more eligibles to be served by reducing the state and federal governments' costs by adding consumers'

contributions to the available funding.

- The cost sharing will allow higher income families to "feel better" about participating because they are contributing to the cost of their care, something families at these income levels are used to doing and would feel uncomfortable not doing.

The waiver groups in which we will implement cost sharing provisions are:

- Families earning below 186% of the federal poverty level (FPL) will not be required to pay co-payments or premiums.

- Families earning between 186% and 225% of the FPL will pay $5 co-payments for professional services.

- Families earning between 226% and 300% of the FPL will be required to pay $65 monthly premiums and co-payments of $10 for professional services and $5 for prescriptions.

- No co-payments or other cost sharing will apply to benefits for well-baby and well-child care, including age appropriate immunizations.

- The total aggregate cost sharing for a family shall not exceed five percent of the family's available income for a twelve month period of coverage beginning with the first month of service eligibility. Families responsible for cost sharing shall be notified of their maximum liability for the twelve month period following service eligibility. When the total aggregate cost sharing has reached five percent of the family's available income all co-payments and premiums shall be waived for the remainder of the 12 month period. A waiver in cost sharing shall be made upon notification and documentation of co-payments from the family that payments have been made up to five percent of their yearly available income. The electronic automated response unit will be immediately updated to notify providers that co-payments are not to be collected for the families who meet their maximum cost sharing. It is anticipated the number of families that will meet their maximum cost sharing will be very limited due to the income levels of the group.

Cost Sharing

With regard to our cost sharing provisions, we plan to test the following hypotheses.

Hypothesis 1

The basic *health status between the following* three *groups will not be statistically different to any significant degree.*

Group 1: Children with no cost sharing under the waiver (those below t*86%* of the FPL).

Group 2: Children with $5.00 co-payment (those from 186% - 225% FPL).

Group 3: Children with premiums and $10.00 co-payments (those from *226%* - 300% FPL).

This will be measured yearly over the life of the waiver- The following minimum data elements wilt be measured:

- Immunization rate;
- EPSDT screening rate;
- Emergency room utilization;
- Asthma related hospitalizations; and
- Inpatient psychiatric stays.

In addition, the state will work with the evaluative contract to identify and measure other relevant health status indicators. it should be noted that some indicators are for services where there are no co-payments. We feel it is still important to monitor these indicators because of their relationship to the overall health status, which is the single most important issue.

Hypothesis 2

The rate of enrollment, as a percent of the total expected eligibles by group in the waiver program, by the following three groups will not vary to any significant degree.

Group 1: Children with no cost sharing under the waiver (those below 186% of FPL).

Group 2: Children with $5.00 co-payment (those from 186% - 225% FPL).

Group 3: Children with premiums and $10.00 co-payments (those from 226% - 300% FPL).

This will be measured yearly over the life of the waiver. At a minimum, this will be measured by:

- Comparing the enrollment rates of each group to the estimated eligibles for each group. Data will be used from the U.S. Census Bureau, the Missouri State Demographers Office, and any other relevant information available.

- Targeted surveys of the eligible populations who are not participating. These surveys will be for the purpose of further refining the actual participation rates and, more importantly, to assess why these children are not participating and how these reasons vary between the three groups,

Non-emergency Medical Transportation

With regard to the issue of nonemergency medical transportation, we plan to test the following hypothesis.

Hypothesis 3

The basic health status between the following five groups will not be statistically different to any significant degree.

Group 1: Children covered under expansion who will not receive non-emergency medical transportation.

Group 2: Current Medicaid.

Group 3: Adults covered under the expansion who will not receive non-

emergency medical transportation.

Group 4: Adults covered under the expansion who will receive non-emergency medical transportation, i.e., Parents' Fair Share participants.

Group 5: Privately insured individuals who do not receive nonernergency medical transportation,

This will be measured yearly over the life of the waiver. The following minimum data elements will be measured:

- Immunization rate;
- EPSDT screening rate;
- Emergency room utilization;
- Asthma related hospitalizations; and
- Inpatient psychiatric stays,

In addition, the state will work with the evaluative contractor to identify and measure other relevant health status indicators.

I am also clarifying our understanding that the granting of the waivers requested in our September 22,1998 letter to implement the changes in our waiver due to the passage of our enabling state legislation is still! pending. We urge swift approval *so* that this critically important health care program for children can continue to move forward.

If you have any questions please do not hesitate to contact me.

Sincerely,

Gregory A. Vadner
Director

GAV:kl

cc: Debbie Chang
Sidney Trieger